

SENATE JOINT RESOLUTION 747  
By Ramsey

A RESOLUTION to continue the special joint committee to study the restructuring of the electric utility industry.

WHEREAS, the joint committee on electric utility deregulation was created by the One Hundredth General Assembly pursuant to Section 13, Chapter 531 of the Public Acts of 1997; and

WHEREAS, the study was undertaken in response to a national debate on electric utility industry deregulation, leading to retail competition of electric power and the action of several states to move toward electric utility industry restructuring and retail competition; and

WHEREAS, electricity is a necessity for individuals, businesses, industries, municipalities, and counties in this State; and

WHEREAS, the potential impact of electric power deregulation upon the citizens, businesses, and state and local governments of Tennessee is not yet fully understood; and

WHEREAS, Congressional action may lead to radical changes in the Tennessee Valley Authority, which could profoundly affect the relationship between TVA on the one hand, and municipal electric companies, electric cooperatives, and Tennessee state and local governments on the other hand; and

WHEREAS, if TVA's status as a supplier of power is changed and its contractual arrangements with municipal and cooperative distributors is changed, and in-lieu-of-tax payments are then terminated, the State of Tennessee may be required to implement a statewide regulatory mechanism to protect consumers of electricity in areas not readily subject to regulation by market forces and to enact tax measures to recover revenue lost from in-lieu-of-tax payments; and

WHEREAS, inasmuch as potential changes in the status of TVA could have implications in the area of economic development, as well as state and local revenues, the progress of

Congressional debate on the subject is of profound significance to the Executive Branch, as well as to the General Assembly; and

WHEREAS, on March 21, 2002, Executive Order No. 31 lifted a seven-month moratorium on the State's issuance of permits to merchant electric generating plants (electric generating facilities of fifty (50) megawatts or larger that sell power to electric utilities for resale to retail customers); and

WHEREAS, prior to the moratorium, numerous merchant power companies had applied for state permits to build and operate electric generating plants in Tennessee due to our abundant natural resources, central location and proximity to natural gas and electric power lines; and

WHEREAS, in lieu of the moratorium, Executive Order No. 31 established a pilot project to allow the permitting of no more than four (4) new merchant electric generating plants in Tennessee between March 21, 2002, and January 1, 2004; and

WHEREAS, the pilot project requires merchant electric generating plants seeking a state permit to undergo a review by the Department of Economic and Community Development to assess the plant's potential economic and environmental impact; and

WHEREAS, after January 1, 2004, the Department of Economic and Community Development may continue to restrict the number of applications for merchant power plant permits that it will accept for review during each year; and

WHEREAS, while merchant electric generating plants may place additional demands on our natural resources, such facilities may also benefit economically the communities where they are located and may also play a significant role in meeting the energy needs of this State and Nation; and

WHEREAS, this State's energy policy relative to the permitting of merchant electric generating plants is of great importance to all Tennesseans and should be carefully studied by this Body; and

WHEREAS, it is the duty of this General Assembly to see, to the best of its ability, that the citizens of this State, who are currently the beneficiaries of low electric rates, suffer no harm as to rates, environmental conditions, energy conservation programs, system reliability,

universal service, and low-income assistance programs as a result of deregulation; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED THIRD GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that the special joint committee to study restructuring of the electric utility industry, created pursuant to Section 13, Chapter 531 of the Public Acts of 1997 and continued by House Joint Resolution No. 87 of the One Hundred First General Assembly, House Joint Resolution 659 of the One Hundred Second General Assembly, and House Joint Resolution No. 572 of the One Hundred Third General Assembly be continued until February 28, 2005.

BE IT FURTHER RESOLVED, that the membership of the committee as constituted in Section 13(c) of Chapter 531 of the Public Acts of 1997, as augmented by action of the Speakers of the Senate and House of Representatives pursuant to Chapter 836 of the Public Acts of 1998, and as provided by House Joint Resolution 87 of the One Hundred First General Assembly as amended, shall consist of seven (7) members of the House of Representatives appointed by the Speaker of the House with two (2) such members being from the House State and Local Government Committee, and seven (7) members of the Senate appointed by the Speaker of the Senate with two (2) such members being from the Senate State and Local Government Committee.

BE IT FURTHER RESOLVED, that the committee shall study the State's application, review and permit system for the siting of merchant electric generating plants and economic and environmental issues associated therewith.

BE IT FURTHER RESOLVED, that all appropriate state agencies shall provide assistance to the special joint committee upon request of the chair.

BE IT FURTHER RESOLVED, that all legislative members of the special joint committee who are duly elected members of the General Assembly shall remain members of such committee until the committee reports its findings and recommendations to the General Assembly.

BE IT FURTHER RESOLVED, that in its deliberations, the special joint committee shall study and examine those issues set out in Section 13(d) of Chapter 531 of the Public Acts of 1997, as well as such other pertinent issues that may arise.

BE IT FURTHER RESOLVED, that the Governor is urged to designate a person to act as a focal point for the Executive Branch concerning matters relating to electric utility industry restructuring to confer with the special joint committee on deregulation and restructuring issues and to participate in presenting a unified voice for the State of Tennessee in the national debate on electric utility industry deregulation and restructuring, particularly as it relates to the future of TVA.

BE IT FURTHER RESOLVED, that the special joint committee shall be convened by the member with the most years of continuous service in the General Assembly, and at its first meeting shall elect a chair, vice chair, and such other officers the committee deems necessary.

BE IT FURTHER RESOLVED, that the special joint committee shall timely report its findings and recommendations, including any proposed legislation or interim reports, to the One Hundred Fourth General Assembly no later than February 28, 2005, at which time the committee shall cease to exist.

BE IT FURTHER RESOLVED, that a copy of this resolution be sent to the Honorable Phil Bredesen, Governor of the State of Tennessee.